Saskatchewan

Annual Report on Operations

For the Year Ended March 31, 2000

Provincial Auditor Saskatchewan

Provincial Auditor Saskatchewan

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Vision

We envision effective, open and accountable government.

Mission

We serve the people of Saskatchewan through the Legislative Assembly.
We are committed to fostering excellence in public sector management and accountability.

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June 22, 2000

The Honourable Ronald Osika
Speaker of the Legislative Assembly
Room 129, Legislative Building
REGINA, Saskatchewan
S4S 0B3

Dear Sir:

I have the honour to submit my *Annual Report on Operations for the year ended March 31, 2000* to be laid before the Legislative Assembly in accordance with the provisions of Section 14 of *The Provincial Auditor Act*. The information contained in this report reflects known events up to May 12, 2000.

Respectfully submitted,

G. F. Wendel, CMA, CA
Acting Provincial Auditor

/dd

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Introduction

A sound accountability relationship includes agreed upon expectations, reliable reports on performance and reasonable reviews. This Report on our Office's performance is an integral part of our accountability relationship with the Legislative Assembly.

2000 was a year of challenge, accomplishment and change for the Office.

Our Strategic Plan has a significant influence on the Office's viability and success. We thought that new insights and evolving economic, social, political and technological forces and trends required us to reassess the Office's September 30, 1997 Strategic Plan. After much hard work, we achieved consensus on a new plan to guide our Office into the future. Our Strategic Plan for 2000-2003 is available on our website.

The success of our Office depends on many people. The hard work, dedication and skills of our employees make it possible to provide our assurances and advice to the Legislative Assembly, the Government and its managers. Also, we rely on the co-operation and assistance of government officials and their appointed auditors. And, the careful review of our Reports by legislators and the public is key to our success.

Our 1999 Spring Report and 1999 Fall Report - Volume 2 contain our assurances and advice to the Legislative Assembly. We think these reports help to improve public sector accountability and management.

Our 1999 Fall Report - Volume 1 focuses on understanding the finances of the Government using several financial and economic indicators. This report is particularly important because the Government does not produce an annual report containing this information.

In February 2000, we issued a Special Report to the Legislative Assembly Regarding Changes to *The Provincial Auditor Act*. The December 6, 1999 Speech from the Throne states that the Government will introduce changes to *The Provincial Auditor Act* to update the legislation. The purpose of our Report is to obtain the views of the Standing Committee on Public Accounts on what changes to the Act are necessary to strengthen the accountability of the Government to the Legislative Assembly. We are seeking the Committee's views before we draft proposed changes to the Act and provide them to the Minister of Finance.

In addition, we are improving how we communicate with legislators, the public and government officials. A key part of this initiative is our website. Recently, we improved our website to make more information available and to improve access to that information. The Reports referred to above and other reports issued by our Office are available on our website at www.auditor.sk.ca.

On April 19, 2000, Mr. Wayne Strelioff, CA resigned as Provincial Auditor. Mr. Strelioff accepted an appointment as Auditor General for British Columbia. With Mr. Strelioff's leadership over nine and one-half years, the Office made a difference in helping to foster excellence in public sector management and accountability.

Under *The Provincial Auditor Act*, Mr. Fred Wendel, CMA, CA was appointed acting Provincial Auditor. The Public Accounts Committee is in the process of considering changes to the Act including the process for appointing a new Provincial Auditor. We look forward to receiving the Committee's advice regarding changes to the Act that will strengthen the independence of our Office and the accountability of the Government to the Legislative Assembly.

Assessing Our Effectiveness

Members of the Legislative Assembly often ask how they can assess our effectiveness. We think Members can do this in the following ways:

- To be effective, we need to do work the Standing Committee on Public Accounts considers useful in carrying out its role. Members can obtain advice from the Committee to determine if the Committee considers our work useful in helping it discharge its role.

- Our annual business and financial plans are public documents. Members can use the information in those plans to help assess if the work we plan to do is useful to them in carrying out their roles.

- Members can use the information in this Report to help them assess our effectiveness. In this Report, we describe our performance in achieving our goals and objectives, and compare what we told the Assembly we planned to do in our *Business and Financial Plan for the Year Ended March 31, 2000* with what we actually did. Our performance measures include the quality and

efficiency of our inputs, the quality of our outputs, and the intermediate outcomes of what we do. Exhibit 1 on page 5 explains what we mean by the terms inputs, outputs, and intermediate outcomes.

- Members can ask our Office questions on what we plan to do and what we actually did. Such questions can be asked at any time and at public meetings of the Board of Internal Economy, the Standing Committee on Estimates, and the Standing Committee on Public Accounts.

We give the Assembly our annual reports on operations and our annual business and financial plans. The Assembly refers all of our reports to the Standing Committee on Public Accounts. This allows the Committee to assess our performance and the relevance of our planned work to the Committee's role of holding the Government to account for its management of public resources. The Committee's mandate states the Committee will "work with the Provincial Auditor to achieve maximum accountability to the Legislature".

Who We Serve

Our role

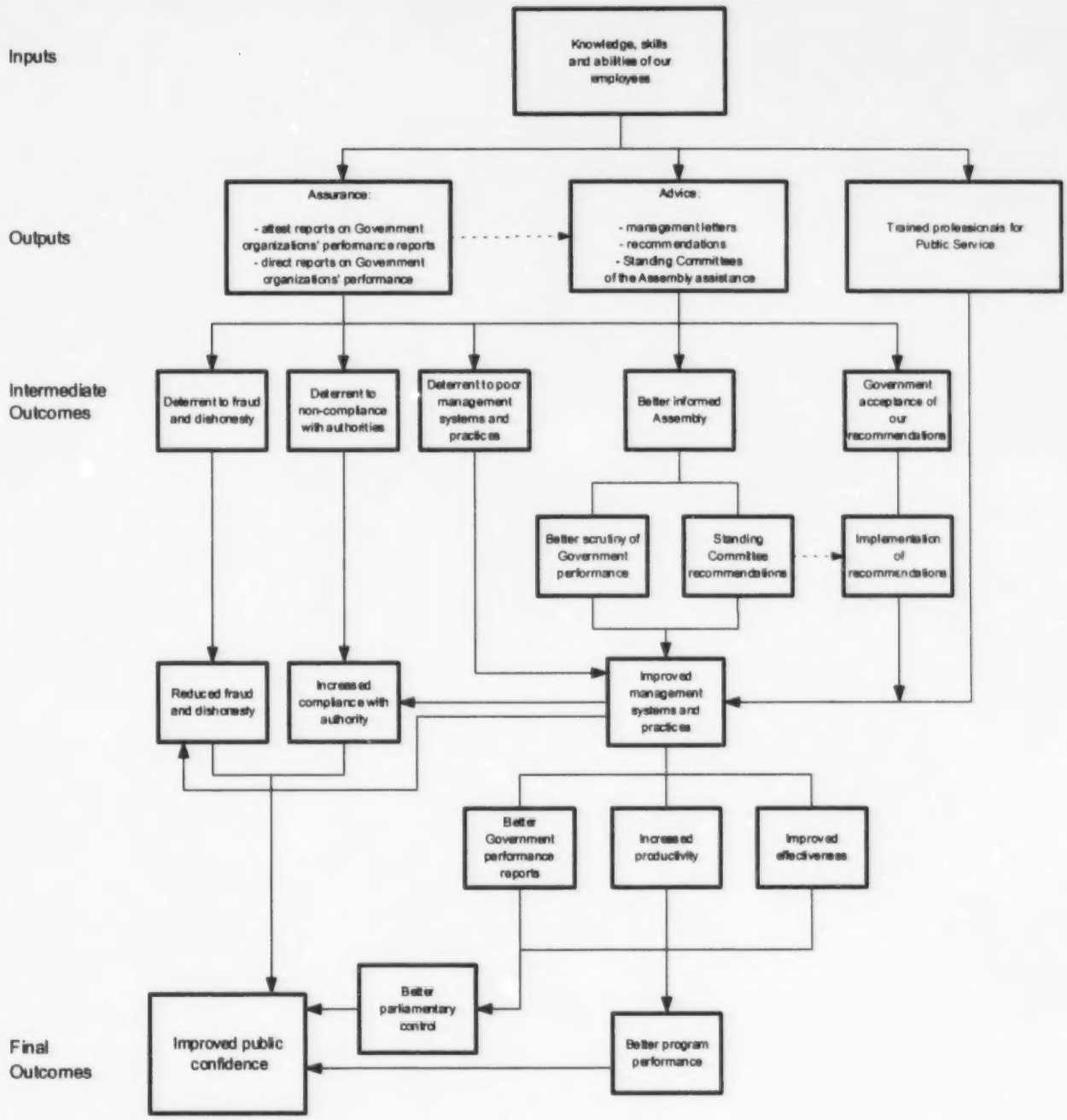
The Office of the Provincial Auditor helps the Legislative Assembly hold the Government accountable for how it manages public money. Our Office examines the Government's management of public resources and reports our findings to the Assembly.

Legal status

The Provincial Auditor Act creates an officer of the Legislative Assembly called the Provincial Auditor. The Act gives the Provincial Auditor the responsibility, authority, and independence to audit and publicly report on all government organizations.

What We Do and the Impact of Our Work

Exhibit 1



What We Do

Our Vision

We envision effective, open and accountable government.

Our mission

We serve the people of Saskatchewan through the Legislative Assembly. We are committed to fostering excellence in public sector management and accountability.

Our mission shapes what we do and how we respond to key economic, political, social, and technological forces affecting those we serve.

How we carry out our mission

To fulfil our mission, we examine and provide independent assurance on the Government's management of and accountability practices for the public resources entrusted to it. We:

- Advise the Legislative Assembly on:
  - the reliability of the Government's financial information;
  - the Government's compliance with legislative authorities; and
  - the adequacy of the Government's management of public resources.
- Encourage discussion and debate about public sector management and accountability issues.
- Assist the Standing Committees on Public Accounts and Crown Corporations.
- Develop professionals for public service.
- Support and adhere to the accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants.

Our reports

We report our conclusions, findings, and recommendations to the Government, its managers and to the Assembly.

At the end of each examination, we prepare a draft report of our conclusions, findings, and recommendations. We discuss the draft with senior officials of the related organization and revise the draft when necessary. We issue a final report to the Minister responsible, to senior officials of the organization and, if applicable, to the chair of the board of directors. Also, we normally send a copy to the Chair and Secretary of Treasury Board, and to the Provincial Comptroller.

In addition, we provide conclusions on the reliability of financial statements and other performance reports issued by government organizations. These conclusions are provided to the Assembly with the financial statements and other reports of government organizations.

Each year, we present reports directly to the Legislative Assembly. These Reports contain the matters we think are significant to the Assembly and the public. We decide what matters to report in the context of the following questions:

- Does the matter affect the Assembly's ability to control the financial activities of the Government?
- Does the matter affect the Assembly's ability to hold the Government accountable for how it administers public money?
- Does the matter involve improving how the government administers public money?
- Does the matter involve non-compliance with legislative authorities?

We assess these questions of what to report in the context of specific government sectors, programs and organizations and in the context of the Government-as-a-whole.

When an organization's financial statements, compliance with authorities and rules and procedures to safeguard assets are satisfactory, we also

report that information to the Government and to the Legislative Assembly.

Outcome of our work and reports

Exhibit 1 on page 5 shows the outcome of our work.

For our parliamentary system of government to work properly, the system must enjoy public confidence. To merit this confidence, the Government must be open and accountable to the public. Our work and reports directly affect public confidence in Government. Our work and reports provide the public with confidence that the Government's financial and other reports are reliable, that the Government uses adequate systems and practices to safeguard and control public finances and resources, and that the Government has complied with governing authorities.

One responsibility of the Legislative Assembly is to hold the Government accountable for the management of public resources. Our work and reports help the Assembly to carry out this responsibility.

Our work and reports call for appropriate public accountability for government operations and for sound management systems and practices in government organizations. Our work and reports contribute to informed decision making in government and business-like systems and practices. In turn, this helps the Government carry out its responsibility to use sound management systems and practices.

Our abilities and knowledge

Our abilities and knowledge also affect what we do for the public, the Legislative Assembly, and the Government. We apply the following special knowledge, skills and experience to our work and reports:

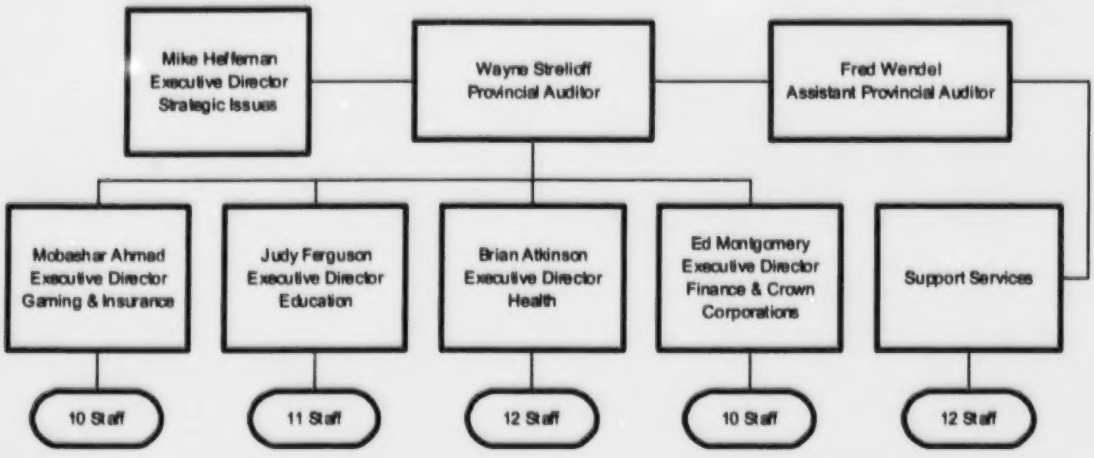
- objectivity, because of our full independence from the Executive Government;
- thorough knowledge of the:
  - complex structure and systems the Government uses to manage public resources;

- structure of legislative authorities governing the activities of government organizations related to financial reporting, safeguarding assets, revenue raising, spending, borrowing, and investing;
- audit of information systems; and
- accounting and assurance standards recommended by The Canadian Institute of Chartered Accountants;

- working knowledge of the issues facing government organizations operating in many and diverse types of businesses including education, health, insurance, protection of people and property, pension and benefit plans, energy, telecommunications, gambling, transportation, construction, and financial services; and
- a business view derived from rigorous professional training that we blend with our practical knowledge of public administration.

Our Organization

Exhibit 2



On April 19, 2000 Wayne Strelioff resigned as Provincial Auditor. Fred Wendel was appointed Acting Provincial Auditor until a new Provincial Auditor is appointed.

Our Finance and Crown Corporation Division's responsibilities include examining the Government's programs carried out through the Department of Finance and the Crown Investments Corporation of Saskatchewan. Those programs are complex and affect almost all aspects of government.

Our Gaming and Insurance Division's responsibilities include examining the Government's gaming, insurance, and pension programs. The Government's insurance and pension programs are large. The Government's pension liabilities alone total nearly $7 billion. Pension and insurance liabilities require our staff to acquire special knowledge on accounting practices for property and casualty insurance and pension plans. We also must understand the methods used by actuaries to determine liabilities for insurance claims and pensions.

Our Health Division's responsibilities include examining the Government's health, justice and social services programs. Total public spending on health for the year ended March 31, 1999 was $1.979 billion. For the year ended March 31, 2000 much of the Division's work focused on auditing the district health boards created by the Government.

Our Education Division's responsibilities include examining the Government's education, post-secondary education and skills training, and infrastructure programs. The kindergarten to grade 12 education system and the post-secondary education system (e.g., universities, SIAST, and regional colleges) spend over $1.6 billion annually.

Our Support Services Division's responsibilities include administration, research, methodology, training, secretarial, clerical and information technology. The Division is also responsible for our government-wide information technology audits.

At March 31, 2000, our Office employed 62 people. Thirty-two of our employees are professional accountants. Eighteen are training to become professional accountants.

We have the services of a health professional, a lawyer and a librarian. Also, during the year, we had five of our professional accountants on secondment with other organizations. The skills, experience and perspectives of these professionals will be particularly valuable as we continue to examine broader and more in-depth issues.

Our employees are our most valuable resource because "what we do" depends on their knowledge and skills. Creating and maintaining an environment that encourages and rewards ongoing learning is crucial to our success.

What We Plan to Do

Our goals and objectives

Exhibit 3 sets out our goals, objectives and strategies for the years ending March 31, 2001 to 2003. The Exhibit also sets out the performance indicators we use to measure our success in achieving our goals and objectives and our performance targets for those indicators.

During the year, our Office renewed its strategic plan. As a result, the information contained in Exhibit 3 is different than the information presented in our 2000 *Business and Financial Plan*. The goals are unchanged but the objectives, strategies and performance indicators represent our current thinking.

Exhibit 3

Goals, Objectives, Strategies and our Indicators of Success for Years Ending March 31, 2001 to 2003

Goal 1: Foster Well-Managed Government

Objectives		Strategies	
a)	The Government uses a sound public accountability framework.	i)	Assess the Government's public accountability framework.
		ii)	Encourage the Government to use a sound public accountability framework.
b)	The Government uses adequate processes to plan and to achieve planned results.	i)	Evaluate the Government's processes to plan including its risk identification.
		ii)	Evaluate the Government's processes to achieve planned results including its risk management.
c)	Our stakeholders receive our assurance and advice on the Government's public accountability framework, and the processes it uses to plan and to achieve planned results.	i)	Provide timely assurance and advice to our stakeholders.

Indicators of Success:

- The Government acts on 80% of our recommendations that are more than one year old that do not involve major changes.
- The Government acts on 80% of our recommendations that are more than five years old that involve major changes.
- The Public Accounts Committee accepts 90% of our recommendations that it considers.

Goal 2: Encourage Good Reporting by Government

Objectives		Strategies	
a)	The Government publicly reports its plans based on a sound public accountability framework.	i)	Encourage the Government to publicly report its plans.
		ii)	Examine whether the Government's public planning reports include all essential elements.
b)	The Government publicly reports the extent to which it has achieved its planned results.	i)	Encourage the Government to publicly report the extent to which it has achieved its planned results.
		ii)	Examine whether the Government's public performance reports include all essential elements.
		iii)	Encourage the Government to prepare financial statements for its departments.
		iv)	Examine whether the Government's financial statements are reliable.
		v)	Examine the reliability of key operational performance information included in the Government's performance reports.
c)	Our stakeholders receive our assurance on the Government's key public planning and performance reports.	i)	Provide timely assurance and advice to our stakeholders.

Indicators of Success:

- By 2002, 50% of significant government agencies make public their plans.
- In 2002, the Government-as-a-whole publicly reports its plans for the 2002-03 fiscal year.
- By 2002, 50% of all Departments include departmental financial statements in their annual performance reports.
- By 2003, 50% of significant government agencies' performance reports we examine set out information on their key risks and how they manage those risks.

Goal 3: Manage Our Business Effectively

Objectives		Strategies	
a)	Our stakeholders know and value what we do.	i)	Seek and monitor the views of our stakeholders on our plans and performance.
		ii)	Identify and monitor the risks faced by our stakeholders.
		iii)	Adjust our work, priorities and resource allocation to respond to our understanding of the risks faced by our stakeholders.
		iv)	Obtain the resources and competencies necessary to respond to the risks faced by our stakeholders.
		v)	Communicate in a clear, accessible and timely manner.
		vi)	Maintain our independence
b)	We are leaders in key areas of our profession.	i)	Define the unique characteristics of the profession of legislative auditing.
		ii)	Set out the areas of our profession for which we maintain leadership expertise.
		iii)	Set out the subject matters for which we maintain in-depth knowledge.
		iv)	Maintain access to the necessary competencies.
		v)	Encourage government officials, other public-sector officials, and professional colleagues to seek our advice and training programs and to seek experience with our Office.
c)	We continuously improve our work.	i)	Incorporate the CICA's Criteria of Control into our methodology.
		ii)	Maintain current and effective methodology.
		iii)	Ensure we have qualified professional staff with access to the right competencies.
		iv)	Strengthen the way our working environment embraces our values.

Objectives	Strategies
	v) Strengthen and simplify our management information system. vi) Strengthen and simplify our administrative practices. v) Strengthen how we plan, assess and report our performance.

Indicators of Success:

- Our work is relevant (see Indicators of Success for Goal 1).
- Our work is completed by established deadlines and within the planned costs set out in our Business and Financial Plan.
- Our staff resources are used as set out in our Business and Financial Plan.
- Our stakeholder surveys indicate a positive trend in satisfaction with our work.
- Our corporate culture surveys indicate a positive trend in our working environment.
- The Institute of Chartered Accountants of Saskatchewan reports our work meets professional standards.
- Our Professional Accounting Program pass rates exceed the provincial average each year.
- The Assembly receives our Business and Financial Plan and our Annual Report on Operations each year.
- The Assembly receives a Fall and Spring Report each year.
- Our auditor reports publicly and positively on our performance (e.g., our financial statements, our compliance with *The Provincial Auditor Act* and the adequacy of our system of internal control).

Our values

Our values also affect what our Office can accomplish. We believe in:

Accountability - actively taking responsibility for and explaining our actions

Credibility - earning and keeping the respect and confidence of our stakeholders

Equity - being fair to others

Professionalism - being objective, independent and courteous, and acting with integrity

Effectiveness - achieving planned goals and objectives

Leadership - setting a good example and accomplishing positive results

Innovation - seeking better ways to achieve results

Teamwork - working together to achieve results

Balance - respecting work, home and community responsibilities

Factors affecting our work plan

Annually, we prepare a detailed work plan and provide that plan to the Assembly. The work plan reflects our goals and values and several other key factors.

Our work plans ensure we fulfil our legislative responsibilities under *The Provincial Auditor Act*. The Act sets out the organizations we must examine.

We prepare our work plan in August or September each year for the next fiscal year. The Plan reflects known information when we prepare the plan about:

- the publicly known level of government revenue and spending;

- the number of government organizations;
- the quality of the government's records, systems and practices;
- the Government's use of appointed auditors;
- professional standards;
- the co-operation we expect to receive from government officials and appointed auditors when we do our work; and
- the public's expectations.

Forces and trends affecting our work plan

Forces and trends also affect our work plans. Three major forces affect our stakeholders (i.e., legislators, the public, and government officials) and thus, shape our work.

Globalization - creating an internationally competitive, integrated and interdependent world.

Advancing technology - making possible new ways of communicating and doing things, often at less cost and in a more timely manner.

Changing demographics - a growing aboriginal population and an aging population.

Pressure on the environment - leading to increased awareness and concern about sustainable development.

These forces and trends have increased the public's expectations. For example, current technology gives the public more accessible information and knowledge about services and taxes in other jurisdictions. Changes in demographics will result in increased demands for services (e.g., health care). The Government's ability to manage scarce public resources and meet the public's increased expectations, impacts public attitude.

In Saskatchewan, these forces and trends are straining public resources and are causing legislators, government officials and the public to re-examine the role of the Government, how it organizes and delivers programs and services, and how it ensures adequate participation in decision making.

Our focus

We plan to focus our efforts on helping legislators, government officials and the public assess and address the challenges emerging from these forces and trends. In particular, we will encourage the Government to:

- report on how it manages the risks related to globalization, advancing technology, changing demographics and pressure on the environment;
- report on how it manages the risks related to the public's valuable infrastructure;
- strengthen its management of and accountability for intergovernmental programs;
- implement a sound government-wide accountability framework that embraces performance and risk management;
- improve the quality of information provided to legislators on the plans and performance of the Government-as-a-whole and on each of its organizations including Crown corporations; and
- support a strong professional development program with a focus on performance and risk management.

Risk Management

Our key risks

Sound risk management is essential to ensure we help the Legislative Assembly hold the Government accountable for its management of public resources. To manage risk, we must identify, assess, and reduce possible adverse consequences the Office may experience from events or circumstances.

We routinely identify and assess our risks. We have established controls to reduce the likelihood that our risks will have an adverse consequence on our ability to carry out our responsibilities under *The Provincial Auditor Act*. However, we accept some risk because it is not cost effective to fully eliminate risks. The following are our key risks:

Our stakeholders do not support our goals and objectives. For the Office to remain viable, legislators, the public and government officials should support our goals and objectives. Pursuing our goals and objectives must result in relevant assurance and advice for legislators, the public and government officials. As discussed more fully in the risks that follow, we have established controls to ensure we set goals and objectives that will result in relevant assurance and advice for our stakeholders.

We do not adequately understand or respond to the challenges and risks faced by our stakeholders. We must understand the challenges and risks faced by the Government to ensure our assurance and advice is reliable. The way the Government manages its risks impacts on the kind and extent of work we must do to report with confidence to the Assembly.

We must also understand the challenges and risks faced by legislators and the public to ensure our assurance and advice is relevant. To be relevant, our assurance and advice should result in better parliamentary control and better program performance.

In Exhibit 3, on pages 12 to 15, we set out our goals, objectives, and strategies to ensure we understand the challenges and risks faced by the Government, legislators and the public.

The Standing Committee on Public Accounts is unable to fulfil its responsibilities. The Committee is the audit committee for the Legislative Assembly. The Committee is a key agent of change for improving the Government's management of public resources. The Public Accounts Committee's mandate is to help the Legislative Assembly hold the Government accountable for its spending of taxpayers' money and for its stewardship over public assets. The Committee reviews, examines and evaluates the financial and administrative activities of government departments and Crown agencies. The Committee works with the Provincial Auditor to effectively carry out the Committee's mandate.

Our Office must provide independent, relevant and reliable information that is consistent with the Committee's objectives. The Provincial Auditor works closely with the Committee. Also, the Office provides the Assembly with an annual business and financial plan and an annual report on operations. In addition, Members ask our Office questions about what we do and why.

Our February 2000 *Special Report by the Provincial Auditor to the Legislative Assembly of Saskatchewan regarding Changes to The Provincial Auditor Act* recommends that we can further reduce our risk by having the Committee periodically review the Assembly's objective for the Provincial Auditor. We recommend the Act should require our Office to give the Assembly an annual business and financial plan and an annual report on operations. And, we recommend the Committee review these reports and provide its advice to our Office.

We lose or are perceived to lose our independence. *The Provincial Auditor Act* makes our Office responsible to examine all public money managed by the Government (e.g., departments, boards, corporations) and the Legislative Assembly (e.g., Board of Internal Economy).

The Act makes our Office independent of appointed and elected officials so we can ensure the proper administration of the Act without fear of reprisal.

The Act decides which organizations the Office must examine. The Office decides what work needs to be done and how the work is carried out for the proper administration of the Act.

We carefully guard our independence and report to the Assembly when we are concerned about our independence.

We provide inappropriate or incorrect assurance and advice. Stakeholders must trust and value our assurance and advice. Gaining and keeping their trust and value in our work and reports is essential for the viability of the Office. In Exhibit 3, on pages 12 to 15, we set out our goals, objectives, and strategies to ensure our assurance and advice are reliable.

Also, in the next section (why systems and practices are important), we describe our quality control systems and practices to ensure our assurance and advice is reliable. We think those systems and practices keep the risk our systems and practices may fail to a minimum. However, we recognize systems and practices sometimes fail because of factors such as procedural failures and human error.

We do not have the required competencies and resources. The quality of our assurance and advice is dependent on the knowledge,

skills, and abilities of our employees. We have training programs to ensure our employees have the special knowledge, skills, and abilities we discuss on pages 8 and 9.

To discharge our statutory responsibilities, we need sufficient resources to have the required competent work force and to equip, support, and house that work force. We need the support of legislators to obtain required resources. To obtain this support, we have established controls to ensure our assurance and advice is relevant to legislators and is reliable. Also, we make public a comprehensive business and financial plan annually to build legislators' support for our request for resources. When we do not have sufficient resources to pay for the cost of our work force, we reduce the number of our employees. When this happens, we do not do all the work the law requires us to do and we advise our stakeholders.

We do not manage our resources effectively. Our management practices must ensure we use our resources effectively. We have established systems and practices to keep this risk at a minimum. These systems and practices include such things as setting direction, setting performance targets, monitoring our values, training staff, segregating duties, maintaining procedural manuals, delegating authority, processing transactions, reporting and monitoring results.

Why systems and practices are important

Systems and practices ensure we have appropriate controls to manage the risks that might prevent our office from achieving our goals and to ensure sound financial management. The following briefly describes those systems and practices.

Systems and practices for achieving Goals 1 and 2

For the risks associated with Goal 1 (foster well-managed government) and Goal 2 (encourage good reporting by government), set out on pages 12 and 13 we need rules and procedures to:

- ensure the quality of our work;

- identify and report opportunities for improving government organizations' performance reports and their management systems and practices; and
- ensure our work covers all government organizations.

The following rules and procedures ensure the quality of our assurance and advice.

- We use standard methods for carrying out our work and continually change the methods to reflect best practice. The methods cover how we plan, execute, supervise and report our work. We monitor all work to ensure it meets our standard methods.
- We have hiring and training policies and procedures to help ensure staff have the knowledge, skills and abilities necessary to do their work. These policies also ensure we broaden staff skills including health, education, social services, and general management.
- We routinely make inquiries of our staff to ensure they comply with our objectivity standards.
- We have rules and procedures for working with other auditors who audit some government organizations.

The following rules and procedures ensure we encourage the Government to improve its performance information and its management systems and practices.

- Our personnel policies and procedures ensure employees know our goals and objectives. Each employee's annual work plan shows how the employee will contribute to achieving our goals and objectives. These work plans are continually monitored.
- We have established standards that require us to report to government organizations in writing our conclusions, findings, and recommendations after each examination. Those standards also require us to meet with management to discuss the findings and conclusions, and gain support for our recommendations.

The following rules and procedures ensure our work covers all government organizations.

- Government organizations are created or wound up by the Legislative Assembly, Cabinet and existing government organizations. We monitor the actions of these parties and continually change our list of government organizations.
- We prepare an annual work plan for the Office that covers all government organizations. We estimate the costs of carrying out the plan and ask the Assembly for the money to carry out the plan.

Systems and practices for achieving Goal 3

For Goal 3 (manage our business effectively), set out on page 14, we need rules and procedures for carrying out our work effectively.

The following rules and procedures help us improve our performance.

- We make our annual business and financial plan public and monitor our performance.
- We have established systems and practices to ensure sound financial management of our assets.
- For Goals 1 and 2, we established rules and procedures to ensure the quality of the assurances and advice we provide to legislators and the public. These rules and procedures include systems to ensure best practices. We continually compare the way we do our work with private-sector auditors and other legislative auditors.
- We forecast the cost of each audit and monitor the actual cost of each audit. We compare planned to actual costs and explain and act on variances. We also routinely compare our costs to audit government organizations with private sector auditors' costs to audit government organizations.
- We plan the use of our employees' time and monitor our employees' actual use of time. We compare planned to actual results and explain and act on differences.
- To ensure the continued relevance of our work, we monitor legislators' and the Government's acceptance of our

recommendations. We also monitor legislators', Legislative Committees' and the media's use of our reports.

- We continuously seek advice from stakeholders when we work with appointed auditors.
- We seek information to monitor government organizations' satisfaction with our work.
- We monitor our employees' views of our working environment.
- We established procedures to ensure we are year 2000 compliant.

What We Have Done

Background for measuring our performance

We have three basic outputs (products). (See Exhibit 1, page 5). These are assurance (audit reports), advice (recommendations), and trained professionals for public service. Generally, our advice is a by-product of our assurance work. We deliver our products several ways.

We provide assurance and advice to government officials. We provide assurance by way of reports on financial statements, compliance with authorities, and the adequacy of management systems and practices. We provide advice and assurance by way of letters to management setting out our conclusions, findings, and recommendations for improvement.

We also provide assurance and advice to the Legislative Assembly and the public in our Spring and Fall reports to the Assembly. These two reports summarize our work at government organizations. The reports provide assurance and advice on the Government as a whole, sectors of the Government, and on each government organization's financial statements, the organization's compliance with authorities, and the adequacy of the organization's management systems and practices.

As shown in Exhibit 1 (page 5), our assurances and advice result in two final outcomes. These outcomes are improved public confidence in government and improved performance in the delivery of government programs. We think the Government can gain improved public confidence by improving its performance reports (i.e., business and financial plans

and annual reports). We also think the Government can improve the delivery of its programs by acting on our recommendations.

Our trained professionals leave our Office to work in government organizations. They contribute to improved management systems and practices in government organizations. During the year ended March 31, 2000, two of the three employees who left the Office went to work in government organizations.

Our major input cost to produce our products is salaries and benefits. Salaries and benefits account for nearly 80% of our spending. We carefully monitor the use of staff time.

Publicly reporting on our performance

Our performance targets are to provide the Assembly with our business and financial plans and our annual reports on operations.

During the year, we provided the Assembly with our Annual Report on Operations for the year ended March 31, 1999 and our Business and Financial Plan for the year ending March 31, 2001.

Measuring our performance

We measure our success in achieving our goals and objectives by monitoring our performance targets for each of our performance indicators. Our Business and Financial Plan for the year ended March 31, 2000 sets out our performance indicators and performance targets for our goals and objectives.

The following discussion and exhibits provide a report card on our performance. We set out our actual and target performance by goal for each of our performance indicators.

Goal 1: Foster well managed government

We measure our success in fostering well-managed government based on the Government's and the Assembly's acceptance of our recommendations.

Government acceptance of our recommendations

We make two kinds of recommendations to the Legislative Assembly for improving the Government's performance reports and the Government's delivery of its programs. Type 1 recommendations are easier to carry out. We expect that the Government will act on 80% of Type 1 recommendations that are more than one year old. Type 2 recommendations are more difficult to carry out. We expect that the Government will act on 80% of Type 2 recommendations that are more than five years old.

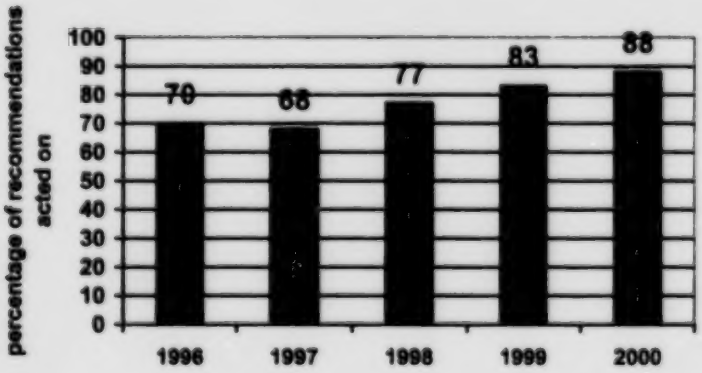
We track our Type 1 recommendations over a five-year period. From April 1995 to March 2000 we made 463 Type 1 recommendations. Of those recommendations, 38 are less than one year old.

We track our Type 2 recommendations over a ten-year period. From April 1994 to March 2000 we made 192 Type 2 recommendations. Of those recommendations, 157 are less than five years old.

Exhibit 4 shows the percentage of the Type 1 recommendations that the Government has acted on that are more than one year old. The exhibit shows a positive trend in the Government's actions on our recommendations. We have achieved our target that the Government acts on 80% of our Type 1 recommendations that are more than one year old.

Exhibit 4

Percentage of Total Type I Recommendations More Than One Year Old Acted on by the Government



Our target of performance for Type 2 recommendations is that the Government acts on 80% of these recommendations that are more than five years old. We began tracking these recommendations in April 1994. We now have data to compare to our target. Of the 35 Type 2 recommendations that are more than five years old, 83% have been acted on. We have achieved our target that the Government acts on 80% of our Type 2 recommendations that are more than five years old.

Legislative Assembly's acceptance of our recommendations

The Legislative Assembly refers our reports to the Standing Committee on Public Accounts. The work of the Committee is necessary for our Office to help improve accountability and the delivery of government programs. We expect the Committee, and thus the Assembly, will concur in 90% of our recommendations.

We track our recommendations to the Assembly for improving the Government's performance reports and the Government's delivery of its programs over a five-year period. At the date of this report, we have made 620 recommendations and the Committee has considered 328 of these recommendations.

The Committee has not considered all our recommendations for several reasons. As we reported in 1996, there was no Committee for most of the year ended March 31, 1996. As a result, the Committee had much work to do before it could consider our current reports. The lack of a Committee also affected the timeliness of the Committee's review of our 1996 and 1997 reports. The Committee decided not to consider 215 of the recommendations in these older reports because we advised the Committee the Government had already satisfactorily acted upon those recommendations. The Committee met frequently during the year ended March 31, 1999 and completed its review of all our reports.

The Committee also decided not to review a further 18 of our recommendations. The Committee recommended that the Legislative Assembly refer these recommendations to the Standing Committee on Crown Corporations for review.

At the date of this report, the Committee has not reviewed the 59 recommendations included in our 1999 Spring and Fall Reports. There

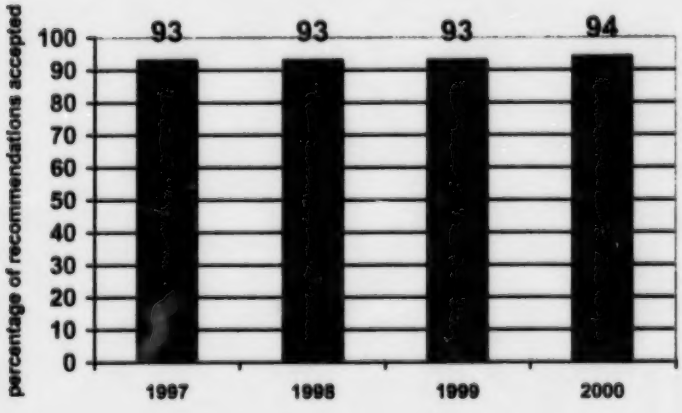
was no Committee from August 19, 1999 to December 14, 1999 because of the provincial general election.

We measure our success based on the Standing Committee's acceptance of our recommendations that it considers. Our performance target is to have the Committee accept 90% of our recommendations that the Committee considers.

Exhibit 5 shows the percentage of our recommendations considered by the Committee that it accepted. The exhibit shows we have achieved our target in each of the past four years.

Exhibit 5

Percentage of our Recommendations Considered by PAC that were Accepted or Partially Accepted by PAC



We also measure our success by reporting in our Fall and Spring reports on government agencies' key operating, financial, and compliance with authorities risks that should be included in their performance reports. We have set a performance target for our Office that by the year 2000 we will have included in our Spring and Fall reports the key risks for 17 government agencies.

We have achieved our performance target. For the past five years, we have included in our reports to the Assembly key operating, financial and compliance with authorities risks that the Government should include in

its performance reports. Exhibit 6 shows our progress in reporting key risks.

Exhibit 6

Report Name	Agency where we identified risks
1995 Fall Report	Government as a whole
1996 Spring Report	Government pension plans Public Service Commission
1996 Fall Report	Workers' Compensation Board
1997 Spring Report	Board of Internal Economy Department of Health Department of Highways and Transportation
1997 Fall Report - Volume 2	Crown Investments Corporation of Saskatchewan Department of Economic Development Department of Social Services
1998 Spring Report	Saskatchewan Transportation Company Department of Finance
1998 Fall Report - Volume 2	Department of Education Department of Labour Department of Justice Department of Post-Secondary Education and Skills Training Liquor and Gaming Authority
1999 Fall Report - Volume 2	Department of Environment and Resource Management

Goal 2: Encourage good reporting by Government

We measure our performance by comparing the Government's performance reports to established standards for good performance reporting. We expect that 50% of the Government's March 31, 1998 and December 31, 1998 annual reports we examine will set out information on key risks.

We examined nine March 31 and December 31, 1998 annual reports. None of the reports we examined set out information on key risks. However, we have made the following progress in setting out our criteria for performance reports and encouraging the Government to improve its performance reports.

We have reported to the Assembly the established standards we will use for assessing the business and financial plans and annual reports of government organizations.

We have reported on annual reports of government organizations and advised the organizations and the Assembly on how to improve these reports. Since 1993, our reports to the Assembly contain chapters showing our findings and conclusions.

In our 1998 Spring Report, we conclude government organizations' performance reports are improving but slowly. The Government has issued guidelines for preparing annual reports. As organizations follow these guidelines, we expect to see further improvements in annual reports.

In January 2000, CIC approved a policy requiring public reporting of key elements of a "Balanced Scorecard" in the annual reports of CIC and its subsidiaries such as SaskPower. The Balanced Scorecard is used to evaluate financial performance, as well as achievement of targets in the areas of innovation and growth, customer satisfaction and public policy. The policy sets minimum disclosure requirements for the annual reports for 2000 and additional requirements for the year 2002. When these policies are implemented, legislators and the public will be better able to understand and assess the performance of Crown corporations.

We also note most pension plan annual reports now show performance indicators such as planned rate of return compared to actual returns. This

important information will help legislators and the public understand and assess the plans' performances.

Financial statements are key performance reports. We have advised the Assembly and government organizations on the need to show planned results and to make financial statements for similar organizations comparable. We note the following significant improvements in the Government's financial statements and financial indicators:

- Most government organizations' financial statements now show a comparison of planned and actual results; and
- Most pension plan financial statements are now comparable because administrators are using consistent estimates, when appropriate, for determining their pension liabilities.

Goal 3: Manage our business effectively

We measure our success in managing our business effectively based on the relevance, quality, cost and timely completion of our work. We also assess our working environment and our communications with our stakeholders.

The following discussion and exhibits report our actual performance compared with our planned performance.

Relevance of our work

Our indicator of the relevance of our work is the Standing Committee on Public Account's (PAC) acceptance of our recommendations. We report on pages 27 to 28 that PAC accepted 94% of our recommendations.

Based on PAC's acceptance of our recommendations, we think our work is relevant.

Quality of our work

We have three indicators for measuring our success in producing quality products for the Assembly. We think our work needs to comply with professional standards, the PAC needs to be satisfied with our advice, and government agencies need to be satisfied with our work.

The Institute of Chartered Accountants periodically inspects our Office to ensure we comply with professional standards. We expect The Institute of Chartered Accountants of Saskatchewan will report it is satisfied our work complies with professional standards. On pages 54 to 55, we include the Institute's inspection report. The report indicates the Institute is satisfied with our work.

To measure the PAC's satisfaction with our advice, we measure PAC's acceptance of our recommendations. As previously discussed, we expect the PAC will concur in 90% of our recommendations for improving the Government's performance reports and the Government's management systems and practices. We report on pages 27 to 28 that PAC accepted 94% of our recommendations. Based on this indicator, we think the PAC is satisfied with our advice.

We want government agencies to be satisfied with our work. Our performance target is for survey results to show an increasing level of satisfaction with our work.

This year is the second year we surveyed government agencies about their satisfaction with our work. The work related to our examinations of the agencies for their years ended in the period July 1, 1997 to June 30,1999.

We sent out surveys to 98 agencies. We received 57 completed surveys from them. We asked the agencies to tell us their level of satisfaction with our work as it relates to four areas. The areas cover satisfaction that:

- our planned work for the agency met its needs and that we carried out our work according to the plan (responsiveness);
- our employees were knowledgeable and carried out their work professionally and courteously (professionalism);
- our reports to the agency's Minister were understandable, fair, and accurate (reports); and
- our recommendations to the agency were feasible and result in proper management of public resources and accountability (recommendations).

We asked the agencies to express their level of satisfaction. The results of the survey are summarized in Exhibit 7:

Exhibit 7

Criteria	1999	2000
Responsiveness	satisfied	satisfied
Professionalism	very satisfied	very satisfied
Reports	very satisfied	very satisfied
Recommendations	satisfied	satisfied

The results indicate agencies are generally satisfied with our performance. While we are satisfied with the results for the 58% of agencies that returned the survey, we are concerned we do not know the level of satisfaction for the other 42% of the agencies. We will continue to encourage agencies to return future surveys so we can use the results to improve our performance.

Completion of our work

We measure our success in completing our work two ways. To be successful, we need to produce a Spring and Fall report to the Assembly and we need to complete the detailed work plan set out in our business and financial plan and complete that work by established deadlines.

For the most part, we completed the work set out in our 2000 *Business and Financial Plan*. We completed our 1999 Spring and Fall Reports to the Legislative Assembly. We also reported our audit conclusions, findings, and recommendations to each government organization where we completed our work.

We could not complete some of the work set out in our 2000 *Business and Financial Plan*. We could not complete some of the work because of delays in receiving information from some government organizations. On page 68, we list the government agencies where we did not complete our audit for agencies' with fiscal years ended in the period July 1, 1998 to June 30, 1999 when we issued our 2000 Spring Report.

For the past four years, we devoted more of our resources to improving the timeliness of our audit of the Government's summary financial statements. The Government's summary financial statements are key for legislators and the public to review the Government's financial

performance. We finished the audit of the Government's summary financial statements as summarized in Exhibit 8.

Exhibit 8

Year Ended	Completed audit
March 31, 1996	August 9, 1996
March 31, 1997	July 4, 1997
March 31, 1998	July 3, 1998
March 31, 1999	July 5, 1999

We expect to complete our audit of the Government's March 31, 2000 financial statements by June 20, 2000.

Also, for the past four years, we devoted more resources to improving the timeliness of the information we provide to the Assembly in our Spring and Fall reports. Our Spring reports now include our work on agencies with December year-ends and our Fall reports include our work on agencies with March year-ends.

We continue to be concerned about the timeliness of our reports to government organizations. When our work is late, government agencies have difficulty meeting their established deadlines. Also, they do not have the benefit of our advice to make timely improvements to their management systems and practices.

During the year ended March 31, 2000, we collected planned and actual data on the timeliness of our reports to government agencies. The planned dates are based on the dates we agreed to provide our reports to government agencies. The reports include our assurance on the financial statements of government agencies and our advice on improving the agencies' management systems and practices.

The information we collected indicates 69% of our reports were provided to government agencies by the agreed upon dates. We continue to work to improve our performance in this area.

Costs of our work

Our performance indicator for the costs of our work is the planned costs set out in the detailed work plan included in our 2000 *Business and Financial Plan*. Our performance target is to complete the work within the planned costs.

Pages 43 to 47 show our actual costs for examining government agencies for years ending in the period July 1, 1998 to June 30, 1999 compared with our planned costs. We had the actual cost information audited. Our auditor reported on page 42 the information is reliable.

For the most part, we completed our work within our planned costs. We explain significant differences between planned and actual costs on page 52.

Our efficiency in the use of our resources

We have two performance indicators regarding our efficiency in using our resources. We want to show we are finding better ways to do our work. These indicators are our request for resources from the Assembly and how we manage our largest cost, which are salaries.

Each year, we prepare a detailed work plan to carry out our responsibilities under *The Provincial Auditor Act* and forecast our cost for that plan (see pages 43 to 44). For the purpose of Exhibit 9, our request for resources is the forecast cost of our plan.

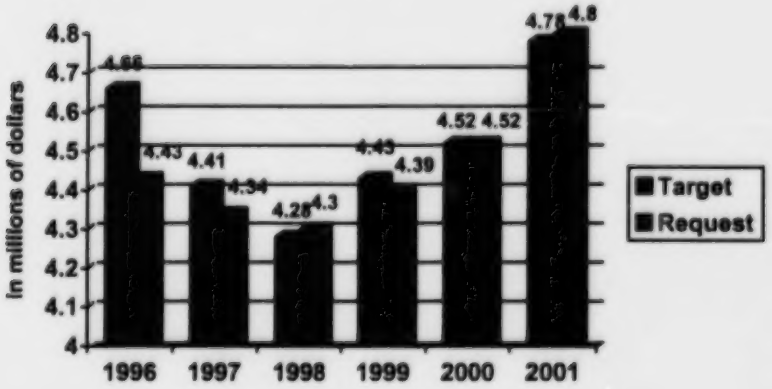
Our performance targets for 1996, 1997, and 1998 were to reduce our request for resources to carry out our work by 2% each year starting with 1996. Our performance targets for 1999 and 2000 are to keep our request for resources at the same amount each year and thus to absorb inflationary increases. Our performance target for 2001 is to keep our request for resources to the same amount as 2000 except for an increase caused by the economic adjustments to salary the government gave to public servants July 1, 1999 and July 1, 2000. These targets do not take into account our need for more or less money caused by increased or reduced work for our Office when the Government creates or winds up government agencies.

Each year, the Government adds new government agencies that add to our workload and winds up government agencies that reduce our workload. These changes to our workload affect our costs. Also, sometimes we cannot finance the extra resources needed to examine a particular agency because of specific problems facing that agency. For example, for our 2000 Business and Financial Plan we asked for an extra $54,000 to examine SaskPower. Our business and financial plans provide lists of the new and wound up government agencies and their affect on our costs.

Exhibit 9 shows our targets and actual request for resources for the last six years. The table shows our actual requests were better than or equal to our target each year except for 1998 and 2001. In 1998 and 2001, our request was about $20,000 more than our target. In 2001, our request for resources included some market adjustments for salaries.

Exhibit 9

Target and Actual Request for Resources to carry out our work



Our performance target for how we manage our largest cost is to use our employees' time according to our planned times set out in our 2000 *Business and Financial Plan.*

Page 49 shows the actual use of our employee's time compared with our planned use. The actual information for 1998, 1999 and 2000 is audited. Our auditor reported on page 48 that the information is reliable.

On page 53, we explain significant differences between planned and actual time.

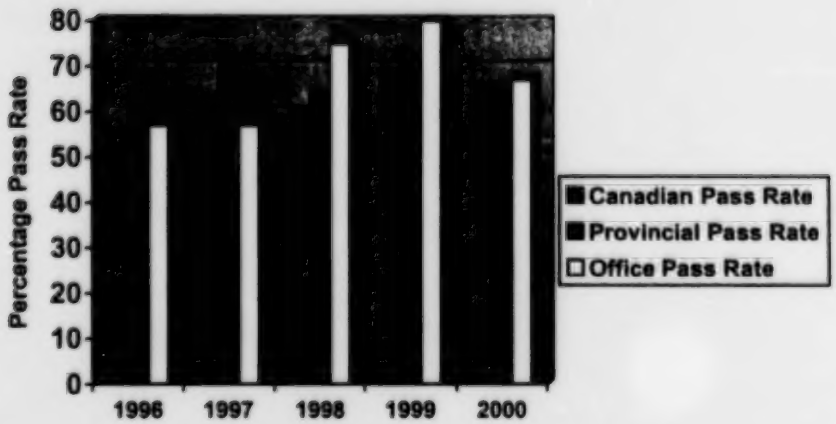
Developing trained professionals

We are a training office for people who want to become professional accountants. One of our measures of success is the number of employees who pass the uniform final examinations to become Chartered Accountants. Our target for performance is to compare favourably with the provincial average pass rate.

Exhibit 10 shows the percentage of our employees who passed the uniform final examinations for each of the last five years compared to the provincial and Canadian pass rate for each of the last five years.

Exhibit 10

Camparison of the Provincial Auditor's Office Pass Rate to the Provinical and Canadian Pass Rate



The exhibit shows our pass rate compares favourably with the provincial average pass rate for three of the last five years. During the year ended March 31, 1997, one of our employees achieved the highest mark for Saskatchewan on the uniform final examinations.

Also, we train staff who want to become Certified Management Accountants (CMA) or Certified General Accountants (CGA).

Employees' satisfaction with their working environment

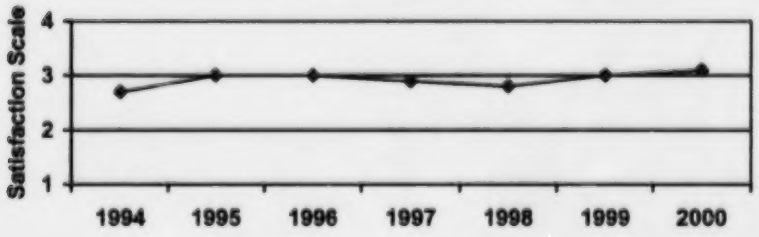
We want to ensure our employees are satisfied with their working environment. We gather information on employee satisfaction with annual surveys. The current survey provides employees an opportunity to express their level of satisfaction with 13 key indicators of the Office's working environment.

We have done employee surveys for seven years. The survey results continue to indicate a positive level of satisfaction with the Office's working environment. Our current survey uses a rating scale of one through four where four is the most positive response. This year, the survey results had an average response of four for one of the indicators and an average response of three for 12 of the indicators.

Exhibit 11 shows the trend for the average response for all indicators. Our performance target is to have a positive trend with employees' satisfaction with their working environment. The exhibit shows employee satisfaction has increased by a small percentage over the last two years.

Exhibit 11

Cumulative Average Response for all Indicators of Employee Satisfaction



Our performance in explaining to stakeholders why our work is relevant and done well

Our stakeholders need to know our work is relevant and done well. We have several performance indicators. We need to explain to the Assembly what we plan to do and what we did.

We provide the Assembly with our business and financial plans. In the fall of 1999, we provided the Assembly with our 2001 *Business and Financial Plan*.

We explain to the Assembly what we did in three reports. This Report on operations describes our performance. Our Spring and Fall reports contain the results of our examinations of government agencies.

Also, the Assembly requires an audit of our Office. The auditor has the same audit responsibilities as our Office. We use the auditor's reports on our Office as a key performance indicator. Our performance target is that our auditor reports positively on the reliability of our financial statements, our compliance with *The Provincial Auditor Act*, and on the adequacy of our system of internal control.

In this report, we provide the Assembly with our auditor's reports. On pages 56, 57, and 58 our auditor reports our financial statements are reliable, we complied with the Act, and we had adequate management systems and practices.

Financial Highlights

Management discussion and analysis of our financial affairs

Pages 60 to 67 contain our audited financial statements.

The financial statements show our 2000 revenue was approximately $161,000 more than 1999 for a total of $4,586,000. The increase relates to the resources the Assembly provides to our Office. In our 2000 *Business and Financial Plan*, we asked the Assembly for approximately $128,000 more for the year ended March 31, 2000 than 1999 to carry out our work. We needed more resources to examine new organizations created by the Government and to do more work at SaskPower. Our other revenue increased by $33,000 primarily because we had more experienced employees on secondment in 2000 than in 1999.

Our total revenue was approximately $64,000 more than our budget. Our 2000 *Business and Financial Plan* includes a budget to audit all government agencies. The budget does not include fees we charge for ancillary work we do for government agencies such as accounting work for government agencies. In 2000, we continued to do ancillary work for government agencies that was not included in our business and financial plan. And, we had more experienced employees on secondment than those included in the budget.

Total expenses for 2000 were approximately $121,000 less than 1999 for a total of $4,466,000. The decrease relates to salaries, agent and advisory services and training and development.

Salaries decreased because we had fewer employees in 2000 than in 1999 and staff was encouraged to take their unused vacation entitlements from previous years.

Agent and advisory services decreased because our audits did not require the use of as many consultants compared to 1999.

Training and development decreased because of a decision to delay some of our specialized training in 2000.

Employee benefits increased in 2000 due to rate increases for statutory benefits provided to our staff.

Our total expenses were approximately $52,000 less than our budget. The decrease relates to salaries, and training and development.

Salary costs decreased because we had fewer employees than planned for 2000.

Training and development decreased because of a decision to delay some of our specialized training in 2000.

Our net financial assets increased approximately $128,000 to $293,000. The increase is the result of our decisions to encourage staff to take their unused vacation entitlements from previous years, to use fewer consultants and to delay some of our specialized training as discussed earlier.

Our target is to maintain net financial assets equal to approximately one month's expenses for the Office. We maintain net financial assets so we can respond to pressure to improve the timeliness of our work, plan for ongoing expenses effectively, and finance short-term revenue shortfalls caused by responding to unplanned work.

The cost of our work is directly influenced by the types and amount of revenues and expense of the Government, the number of government agencies, the quality of the government's records, the cooperation we receive, and by changing professional standards. Based on the information we know about these factors at March 31, 2000, our request for resources from the Assembly for next year is $4.8 million.

The Standing Committee on Public Accounts recommends all Government organizations reporting to Treasury Board should provide a list of persons who have received money. While, we do not report to Treasury Board, pages 69 and 70 show a list of persons who provided goods and services to the Office. The information in the list is similar to the information reported for government organizations included in Volume II of the Public Accounts.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the Schedule of Actual Costs to Audit Government Agencies for the period as described in note 1, which is prepared in accordance with accounting principles as set out in the notes to the schedule of financial information. This schedule of financial information is the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on this financial information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, this schedule presents fairly, in all material respects, the actual costs to audit government agencies for the period as described in note 1 in accordance with the accounting principles set out in the notes to the schedule of financial information.

May 12, 2000
Regina, Saskatchewan

Chartered Accountants

Office of the Provincial Auditor
Schedule of Actual Costs to Audit Government Agencies

Government Agency	1999 Planned Costs (Note 5)	1999 Actual Costs		2000 Planned Costs (Note 5)
Department of Agriculture and Food	$262,419	$296,065		$291,212
Department of Economic Development	47,522	28,848		48,895
Department of Education	186,477	135,942	(1)	195,835
Department of Energy and Mines	56,421	47,557		48,540
Department of Environment and Resource Management	138,210	121,505		127,930
Department of Executive Council	13,717	11,640		14,833
Department of Finance	511,611	472,985		574,730
Department of Health	552,569	537,293	(2)	525,606
Department of Highways and Transportation	103,110	101,543		113,007
Department of Intergovernmental Relations	29,098	12,434		15,706
Department of Justice	172,300	161,668		224,650
Department of Labour	17,488	9,481		14,228
Legislative Assembly	35,177	27,467		38,644
Department of Municipal Government	231,934	213,170		212,749
Department of Post-Secondary Education and Skills Training	449,947	486,886	(3)	503,977
Public Service Commission	7,909	11,214		7,622
Department of Social Services	180,920	163,572		172,396
Women's Secretariat	3,079	2,570		3,391
Saskatchewan Municipal Board	5,591	3,184		6,204
Saskatchewan Liquor and Gaming Authority	98,870	91,476		102,870
Saskatchewan Gaming Corporation	69,622	80,306		85,376
Saskatchewan Research Council	72,823	62,951		67,798
Saskatchewan Safety Council	13,915	18,895		15,320
Workers' Compensation Board	32,736	55,650		27,721
Crown Investments Corporation of Saskatchewan	103,697	81,444		96,467
Municipal Financing Corporation of Saskatchewan	2,035	3,152		2,165
Saskatchewan Opportunities Corporation	13,543	8,241		14,225
Saskatchewan Forest Products Corporation	3,605	2,929		1,430
Saskatchewan Government Insurance	41,843	49,941		47,499
Saskatchewan Power Corporation	84,940	70,863		35,613
SaskEnergy Incorporated	18,678	15,407		19,613
Saskatchewan Telecommunications	36,165	41,437		37,746
Saskatchewan Transportation Company	10,698	8,709		11,173
Saskatchewan Water Corporation	10,346	16,914		39,812
Saskatchewan Development Fund Corporation	5,742	3,972		6,116
Saskatchewan Property Management Corporation	11,058	8,833		11,629

(see accompanying notes)

Office of the Provincial Auditor
Schedule of Actual Costs to Audit Government Agencies
(continued)

Government Agency	1999 Planned Costs (Note 5)	1999 Actual Costs		2000 Planned Costs (Note 5)
Saskatchewan Government Growth Fund	$8,650	$24,387		$18,696
Greystone Capital Management Inc.	543	--		--
Government-Wide, Sectoral, and Special Issue Work	422,173	388,671		512,893
Legislative Committees and Public Reports	399,245	476,026	(4)	447,683
Total before secondments	$4,466,426	$4,355,228	(5)	$4,742,000
Secondments	55,574	61,236		56,000
TOTAL	$4,522,000	$4,416,464		$4,798,000

(see accompanying notes)

In Part I of our management discussion and analysis, on page 52, we discuss footnotes (1) to (5).

Office of the Provincial Auditor
Notes to the Schedule of Actual Costs to Audit Government Agencies

1. Purpose

This schedule shows the Office's actual costs, up to March 31, 2000, of auditing the various agencies of the Government for their years ending in the period July 1, 1998 to June 30, 1999 compared to the planned costs for that period. The schedule also shows the planned costs for auditing the various agencies of the Government for their years ending in the period July 1, 1999 to June 30, 2000.

2. Definitions

The following definitions are provided to help understand our cost allocation policies.

Total Costs - This is the total expenses reported in our audited financial statements (see page 61).

Audit hour - This is the time employees spend on the audits set out in the detailed work plans in our Business and Financial Plans.

Cost-per-hour - This is the hourly rate for an audit hour for each employee as set by the Office. (See Note 3.)

Direct costs - These are costs other than salaries that are directly related to specific audits (e.g. employees' travel costs).

Actual costs - These costs are determined by multiplying employees' audit hours times employees' costs-per-hour and adding to that result direct costs.

Average cost-per-audit hour - This is the total costs for the year less direct costs divided by the total audit hours for all employees for the year.

Secondments - The Office provides employees to others (e.g. Government agencies) to work under their direction. The Office calls these arrangements secondments.

3. Cost Allocation Policies

The Office allocates its total costs each year to the audits carried out during the year. Direct costs are charged directly to the relevant audit. For all other costs, the Office uses reported audit hours set out in employee time sheets as the basis of allocation.

The cost-per-hour is based on the employee's pay and benefits and a portion of other costs (rent, office administration and support services) allocated based on the office's expected time on audit activities. The cost-per-hour is adjusted periodically to reflect changing employee and office-wide circumstances.

The reported actual costs for each audit in the Schedule is determined by multiplying employees' audit hours for the relevant audit times the employees' costs-per-hour and adding to that result direct costs for that audit. For secondments, the cost-per-hour is based on the actual salary and benefits for those employees.

4. Additional Information

The Office's actual average cost-per-hour for 2000 is $72.39 (1999 - $67.92).

The Office's total actual direct costs for 2000 are $118,643 (1999 - $119,423).

The footnotes in the Schedule reference to the Management Discussion and Analysis on page 52. That information is unaudited.

Government agencies have various fiscal year ends (e.g., March 31, June 30, December 31). Due to the nature of auditing, some audit activity occurs before the government agencies' fiscal year ends; while other audit activity occurs after their year ends. As a result, employees' audit activities during our fiscal year relate to more than one fiscal year of a government agency.

Table 1 shows the actual costs of the audit activity we carried out during 2000 by the relevant fiscal year-ends of government agencies. Table 2 shows the years we incurred the costs to audit government agencies for years ending in the period July 1, 1998 to June 30, 1999.

Table 1
Total Costs for 2000
Allocated to Relevant Fiscal Year-ends of Government Agencies

Relevant Fiscal Year-ends	Costs Allocated
July 1, 2000 to June 30, 2001	$592
July 1, 1999 to June 30, 2000	1,635,337
July 1, 1998 to June 30, 1999	2,774,350
July 1, 1997 to June 30, 1998	54,589
July 1, 1996 to June 30, 1997	1,404
Total Costs	$4,466,272

Table 2
Actual Costs to Audit Government Agencies
for Their Years Ending in the Period July 1, 1998 to June 30, 1999
by the Year We Incurred the Costs

Year We Incurred Costs	Actual Costs
April 1, 1999 to March 31, 2000	$2,774,350
April 1, 1998 to March 31, 1999	1,642,114
Total Actual Costs Incurred	$4,416,464

5. Planned Costs

The planned costs set out in the Schedule are those presented to the Board of Internal Economy in the Office's 2000 and 2001 Business and Financial Plans.

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the Schedule of Actual Time Employees Spend on Tasks for the year ended March 31, 2000, which is prepared in accordance with the principles set out in the notes to the schedule of statistical information. This schedule of statistical information is the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on this information based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the statistical information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statistical information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statistical information.

In our opinion, this schedule presents fairly, in all material respects, the actual time employees spend on tasks for the year ended March 31, 2000, in accordance with the accounting principles set out in the notes to the schedule of statistical information.

Hill McKay
Orr & Company
Chartered Accountants

May 12, 2000
Regina, Saskatchewan

Office of the Provincial Auditor
Schedule of Actual Time Employees Spend on Tasks
for the Period April 1, 1997 to March 31, 2000

	Actual			Planned (Note 4)	
Employee time	**1998**	**1999**	**2000**	**2000**	**2001**
Working hours	87%	87%	84% [1]	86%	85%
Vacation leave and statutory holidays	11	11	14	12	13
Sick leave	2	2	2	2	2
Total paid hours	100%	100%	100%	100%	100%
Working hours tasks					
Audits	64%	64%	62%	64%	63%
Support services	13	13	14	13	13
Office administration	15	15	16 [2]	14	15
Training	8	8	8	9	9
Total working hours	100%	100%	100%	100%	100%
Number of full time equivalent positions before secondments	61	60	58	59	58
Secondments	1	1	1	1	1
Total full time equivalent positions	62	61	59	60	59

(see accompanying notes)

In Part II of our management discussion and analysis, on page 53, we discuss footnotes (1) to (2).

Office of the Provincial Auditor
Notes to the Schedule of Actual Time Employees Spend on Tasks
for the Year Ended March 31, 2000

1. Purpose

This schedule shows employee tasks and the percentage of time employees spent on these tasks. The schedule shows actual percentages for the years ended March 31, 1998 to March 31, 2000. The schedule also shows planned percentages for these tasks for the years ended March 31, 2000 and 2001.

2. Definitions

Working hours – This is the time available after deducting vacation leave, statutory holidays and sick leave.

Vacation leave and statutory holidays – Employees receive paid vacation leave. Leave is based on years of service. Employees also receive 11 paid statutory holidays.

Sick leave – Employees receive paid sick leave. The amount of paid leave is based on years of service.

Total paid hours – This is the total of working hours, vacation leave and statutory holidays, and sick leave. Employees must account for a minimum of 1950 total paid hours per year to receive full pay.

Secondments – Secondments refers to arrangements when the Office's staff work for others (e.g. Government agencies) under their direction.

Audit hours – This is the time employees spend on the audits set out in the Detailed Work Plan on page 43. This time includes secondments. Audit hours does not include the time spent on support services, office administration, and training.

Support services – This is the time employees spend on accounting, filing, computer maintenance and support, and other administrative support.

Office administration – This is time employees spend on human resource activities, internal committees and working groups, office-wide and group planning activities, and time that does not fall within any other working hours task category.

Training – This is time employees spend on staff development courses and seminars. The time includes both employee attendance time and instructor time when our employees instruct our internal courses.

Full-time equivalent positions – This represents the total paid months divided by twelve months.

3. Time Allocation Policies

Employees are required to record on time sheets actual time spent on each task to the nearest quarter hour. The employees' supervisors approve the employees' time sheets. The Office records the time shown on the time sheets. The Office uses the information derived from the time sheets to pay employees and to monitor employees' performance. The Office also uses this information to determine the actual costs to audit government agencies.

4. Planned Time

The percentages of planned time for 2000 set out in the Schedule are those presented to the Board of Internal Economy in the Office's *2000 Business and Financial Plan*. The percentages of planned time for 2001 set out in the Schedule are those presented to the Board of Internal Economy in the Office's *2001 Business and Financial Plan*.

Management Discussion and Analysis

Part I Schedule of Actual Costs to Audit Government Agencies

Explanation of differences between actual costs and planned costs more than $40,000.

1. *Education.* To complete all our work would cost a further $5,000. As a result, our actual costs are $46,000 less than our planned costs. Our costs for this year were reduced because, for the Department's K-12 performance indicators, we did a study rather than an audit. The study provided an effective way to report the key issues examined to the Legislative Assembly. Also, efficiencies in our work at the Department contributed to a reduction in our costs.

2. *Health.* To complete all of our work would cost a further $112,000. As a result, our actual costs are more than our planned costs by $97,000. The increased costs result primarily from two audits. Our costs were $71,000 more than planned due to our decision to examine and report on *Toward 2000* at the Regina District Health Board. Also, our costs for our audit of the Uranium City Hospital were $23,000 more than planned due to difficulties encountered. Our conclusions regarding *Toward 2000* were reported in our 1999 Fall Report – Volume 2. Our findings regarding Uranium City Hospital were reported in our 2000 Spring Report.

3. *Post-Secondary Education and Skills Training.* To complete our work would cost a further $30,000. As a result, our actual costs are more than our planned costs by $67,000. Our costs to assess and verify new federal/provincial agreements including the Labour Market Development Agreement were $37,000 more than planned. Also, our costs to audit the University of Saskatchewan were $28,000 more than planned because the financial services division was reorganized and we reported on control systems that needed to be improved.

4. *Legislative Committees and Public Reports.* To complete all our work would cost a further $5,000. As a result our actual costs are more than our planned costs by $82,000.

   Overall, our meetings with Legislative Committees cost $15,000 more than planned. The Public Accounts Committee met more frequently than it had in the previous year and completed its review of our 1997 Fall Report, our 1998 Spring Report and our 1998 Fall Report.

   Our Reports to the Legislative Assembly cost $67,000 more than planned. The increase in costs was related to our Fall Report. The Fall Report included a significant number of chapters related to the Department of Health that resulted in more preparation time than

planned. Also, time pressures in completing some of the chapters included in the Fall Report resulted in printing costs that were greater than planned.

5. We expect it would cost another $270,592 to complete all of our work.

Part II Schedule of Actual Time Employees Spend on Tasks

Explanations of statistical differences in the use of employee time.

1. Our vacation leave and statutory holidays are similar to those provided to employees in the public service. In October 1991, the Government gave improved vacation entitlements to its employees (e.g., four weeks vacation after 8 years of service instead of 10 years). We provided this benefit to our employees in October 1994. We are now impacted by this increase in vacation entitlements as the average term of service with our Office continues to increase. In 2000, staff were encouraged to take their unused vacation entitlements from previous years.

2. In 2000, we spent 2% more of our time on administration than planned for 2000. The increase resulted from decisions to update our strategic plan and implement new audit software during 2000. These initiatives were not anticipated when our 2000 plan was submitted to the Board of Internal Economy.

Inspection Report

Chartered Accountants of Saskatchewan

The Institute of Chartered Accountants of Saskatchewan
830 - 1801 Hamilton Street
Regina, Saskatchewan
S4P 4B4
Tel: (306) 359-1818
Fax: (306) 569-8288

PRIVATE & CONFIDENTIAL

Provincial Auditor
1500 1920 Broad Street
REGINA SK S4P 3V7

June 8, 1999

PRACTICE INSPECTION – FILE #2408

This is to advise that there were no reportable findings from the recently completed inspection of your office.

My report on the results of the inspection will be reviewed by the Practice Appraisal Committee at their next meeting. A final report will be sent to you after it has been considered by the Committee.

I thank you for the courtesy and consideration extended during the visit.

Sincerely,

Gary Erickson, CA
Director of Professional Standards

GE/ms

Enclosure

Chartered Accountants of Saskatchewan

The Institute of Chartered Accountants of Saskatchewan
830 - 1801 Hamilton Street
Regina, Saskatchewan
S4P 4B4
Tel: (306) 359-1010
Fax: (306) 569-8288

PRIVATE & CONFIDENTIAL

Provincial Auditor
1500 1920 Broad Street
REGINA SK S4P 3V7

June 17, 1999

PRACTICE INSPECTION FILE #2408

At their meeting of June 16, 1999, the Practice Appraisal Committee reviewed the file relating to the inspection of your firm which was completed earlier.

The Committee asked me to advise that it has no additional comments to add.

Once again, I thank you for the courtesy and co-operation extended during my visit.

G. S. Erickson, CA
Director of Professional Standards

GSE/mls

Enclosure

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"Strength Beyond Numbers"

AUDITOR'S REPORT

To the Members of the Standing Committee on Public Accounts,
Province of Saskatchewan

We have examined the system of internal control of the Office of the Provincial Auditor in effect as at March 31, 2000. We did not examine certain aspects of internal control concerning the effectiveness, economy, and efficiency of certain management decision making processes. The criteria for the examination of this system of internal control consisted of the control environment and control systems described in the Canadian Institute of Chartered Accountants Handbook.

Our examination was conducted in accordance with generally accepted auditing standards. Those standards require that we plan and perform an examination to obtain reasonable assurance whether the system of internal control established and maintained by management is sufficient to meet the control objectives referred to below. Such an examination includes obtaining an understanding of the system of internal control and performing tests of controls to determine whether the internal controls exist and operate effectively.

The management of the Office of the Provincial Auditor is responsible for establishing and maintaining a system of internal control to achieve the control objectives noted in a) to d) below. In fulfilling this responsibility, estimates and judgement by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system of internal control are to provide management with reasonable, but not absolute, assurance that:

a) the accounts are faithfully and properly kept to permit the preparation of financial statements in accordance with the appropriate basis of accounting;

b) all public money is fully accounted for and properly disposed of and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;

c) transactions are executed in accordance with management's authorization, public money expended is applied to the purpose for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and

d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money against loss from unauthorized use or disposition.

Because of the inherent limitations in any system of internal control, errors or fraud may occur and not be detected. Also, projection of any evaluation of the system of internal control to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

In our opinion, based upon the above criteria, the system of internal control of the Office of the Provincial Auditor in effect as at March 31, 2000, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or fraud in amounts that would be material in relation to the Office of the Provincial Auditor.

May 12, 2000
Regina, Saskatchewan

Chartered Accountants

AUDITOR'S REPORT

To the Members of the Standing Committee on Public Accounts,
Province of Saskatchewan

We have made an examination to determine whether the Office of the Provincial complied with the provisions of the following legislative and related authorities pertaining to its financial reporting, safeguarding of assets, spending, revenue-raising, borrowing and investing activities during the year ended March 31, 2000:

The Provincial Auditor Act

Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, the Office of the Provincial Auditor has complied, in all significant respects, with the provisions of the aforementioned legislative and related authorities during the year ended March 31, 2000.

Hill McKillop
and Company

May 12, 2000
Regina, Saskatchewan

Chartered Accountants

AUDITOR'S REPORT

To the Members of the Legislative Assembly
of Saskatchewan

We have audited the statement of financial position of the Office of the Provincial Auditor as at March 31, 2000, and the statements of operations, cash flows and tangible capital assets for the year then ended. These financial statements are the responsibility of the Office of the Provincial Auditor. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the Provincial Auditor as at March 31, 2000, and the results of its operations and its cash flows for the year then ended in accordance with generally accepted public sector accounting principles.

Hill McKay
Orr + Company
Chartered Accountants

May 12, 2000
Regina, Saskatchewan

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements included in the Annual Report on Operations of the Provincial Auditor Saskatchewan for the year ended March 31, 2000, are the responsibility of management of the Office. Management has prepared the financial statements in accordance with generally accepted accounting principles. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

To ensure the integrity and objectivity of the financial data, management maintains a comprehensive system of internal controls including written policies and procedures, and an organizational structure that segregates duties. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, that assets are properly safeguarded, and that reliable financial records are maintained. The Office's system of internal controls and compliance with legislation have been audited by the firm of Hill McKillop Orr & Company, Chartered Accountants. Their reports to the Standing Committee on Public Accounts, stating the scope of their examinations and opinions on the Office's system of internal controls and compliance with the legislation appear on pages 56 and 57.

The financial statements have been audited by the firm of Hill McKillop Orr & Company, Chartered Accountants. Their report to the Members of the Legislative Assembly, stating the scope of their examination and opinion on the financial statements, appears on page 58.

May 12, 2000
Regina, Saskatchewan

G. F. Wendel, CMA, CA
Acting Provincial Auditor

Statement 1

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF FINANCIAL POSITION
As at March 31

	2000	1999
Financial assets:		
Cash and cash equivalents (Note 3)	$ 543,556	$ 502,791
Accounts receivable		
- General Revenue Fund (Note 4)	3,689	26,434
- Fees (Note 4)	26,934	24,397
- Other	17,179	22,261
Total receivables	47,802	73,092
Prepaid expenses	12,782	18,417
	604,140	594,300
Liabilities:		
Accounts payable	58,627	71,584
Accrued vacation pay	86,919	167,959
Salary payable	114,608	112,845
Unamortized lease inducement (Note 5)	51,058	76,586
	311,212	428,974
Net financial assets	$ 292,928	$ 165,326
Net financial assets represented by:		
Accumulated revenue over expense	417,973	298,624
Less tangible capital assets (Statement 4)	125,045	133,298
Net financial assets	$ 292,928	$ 165,326

(See accompanying notes)

Statement 2

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2000		1999
	Budget (Note 6)	Actual	Actual
Revenue:			
General Revenue Fund - Appropriation	$ 4,442,000	$ 4,442,000	$ 4,314,000
Fees (Note 8)	80,000	143,621	110,443
Total revenue	4,522,000	4,585,621	4,424,443
Expense:			
Salaries	3,117,000	3,100,856	3,194,710
Administration	505,000	494,114	487,242
Employee benefits	394,000	417,011	391,341
Rent of space and equipment	263,000	264,498	265,784
Agent and advisory services	90,000	73,483	99,619
Training and development	149,000	116,310	148,531
Total expense	4,518,000	4,466,272	4,587,227
Excess of revenue over expense (expense over revenue) (Note 10)	4,000	119,349	(162,784)
Net change in tangible capital assets affecting operations	(4,000)	8,253	6,444
Surplus (deficit) for the year	$ –	127,602	(156,340)
Net financial assets, beginning of year		165,326	321,666
Net financial assets, end of year		$ 292,928	$ 165,326

(See accompanying notes)

Statement 3

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2000	1999
Cash flows from operating activities:		
Cash receipts:		
General Revenue Fund - Appropriation	$ 4,442,000	$ 4,314,000
Fees and other	271,981	139,698
	4,713,981	4,453,698
Cash disbursements:		
Salaries	3,180,132	3,179,624
Suppliers and other	1,493,084	1,409,334
	4,673,216	4,588,958
Increase (decrease) in cash and cash equivalents	40,765	(135,260)
Cash and cash equivalents, beginning of year	502,791	638,051
Cash and cash equivalents, end of year (Note 3)	$ 543,556	$ 502,791

(See accompanying notes)

Statement 4

OFFICE OF THE PROVINCIAL AUDITOR
STATEMENT OF TANGIBLE CAPITAL ASSETS
For the Year Ended March 31

	2000			1999
	Hardware & Software	Furniture & Equipment	Total	Total
Opening costs of tangible capital assets	$ 821,693	$ 258,443	$ 1,080,136	$ 1,078,701
Additions during the year	103,404	4,627	108,031	98,710
Disposals	52,849	803	53,652	97,276
Closing cost of tangible capital assets	872,248	262,267	1,134,515	1,080,135
Opening accumulated amortization	718,979	227,859	946,838	938,959
Annual amortization*	106,151	10,133	116,284	105,154
Disposals	52,849	803	53,652	97,276
Closing accumulated amortization	772,281	237,189	1,009,470	946,837
Net book value of tangible capital assets	$ 99,967	$ 25,078	$ 125,045	$ 133,298

* included in the Statement of Operations as an Administration expense

(See accompanying notes)

OFFICE OF THE PROVINCIAL AUDITOR
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2000

1. General Information

The Provincial Auditor Act establishes the Office of the Provincial Auditor. The Office is part of the Legislative Branch of Government. The Office:

- examines the administration of government programs and activities carried out by government departments, health and education institutions, commissions, boards, and Crown corporations;
- reports the results of examinations to the Legislative Assembly and the public; and
- helps the Standing Committees on Public Accounts and Crown Corporations in their review of the Provincial Auditor's reports, the Public Accounts, and other reports.

2. Summary of Accounting Policies

The Office used the accounting principles recommended by The Canadian Institute of Chartered Accountants for governments to prepare these financial statements. The following accounting principles are considered to be significant:

(a) Basis of Accounting

The financial statements are prepared on the expense basis of accounting.

(b) Revenue

The appropriation from the General Revenue Fund is recorded when receivable.

Fee revenue is recognized on the basis of the percentage of work completed for those government organizations that have signed contracts to pay fees or have otherwise agreed to pay fees.

(c) Tangible Capital Assets

Tangible capital assets are reported at cost less accumulated amortization. Amortization is recorded on a straight-line basis at rates based on estimated useful lives of the tangible capital assets as follows:

Computer hardware	3 years
Computer software	3 years
Furniture (desks, file cabinets)	10 years
Other furniture	5 years
Other equipment	3 years

(d) Accrued Vacation Pay

The value of vacation entitlements earned to the year end but not taken are recorded as a liability.

(e) Salary Payable

The Provincial Auditor is entitled, on the expiry of his agreement to be Provincial Auditor or on termination of his employment by the Legislative Assembly, to an amount equal to two months of salary for each year of employment as Provincial Auditor to a maximum of 12 months salary.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of interest-bearing money on deposit with the bank and short-term securities. Investments are carried at amortized cost which approximates market value. The interest rates range from 4.6 to 5.2%.

Cash and cash equivalents included in the cash flow statement are represented by:

	2000	1999
Cash	$ 190,494	$ 129,855
Short-term securities	353,062	372,936
Total cash and cash equivalents	$ 543,556	$ 502,791

4. Accounts Receivable

General Revenue Fund:

Section 37 of *The Financial Administration Act, 1993* states that any unpaid expenditures at April 30, 1993 relating to any period prior to the year ended March 31, 1994 may be set up as an accrual and be charged to the accumulated deficit of the General Revenue Fund. It also states that any expenditure that has been set up may be paid at any time from the General Revenue Fund without further appropriation.

Fees:

These receivables are short-term, due from government agencies, and non-interest bearing.

5. Unamortized Lease Inducement and Commitments

During the year ended March 31, 1996, the Office and its landlord made new leases agreeing to changed conditions and reduced costs for the Office's space. The Office agreed to rent the premises until March 31, 2002 and make future annual lease payments, before escalation adjustments, of:

Year ending March 31	Amount
2001	$ 239,650
2002	$ 253,413

The landlord agreed to provide the Office inducements totalling $217,870. This amount is being amortized over the life of the lease.

The Office is also committed to make future annual payments for operating leases and professional service contracts of:

Year ending March 31	Amount
2001	$ 65,437
2002	$ 45,044
2003	$ 13,610
2004	$ 12,829
2005	$ 6,415

6. Budget

These amounts represent the General Revenue Fund appropriation requested from the Board of Internal Economy to discharge the Provincial Auditor's duties under *The Provincial Auditor Act*. The Board recommended the requested appropriation of $4,442,000.

The Budget is requested using an expenditure basis of accounting where capital assets purchased in the period are recorded as expenditures. The administration portion was included in that Budget on an expenditure basis at $509,000.

7. Pension Plan

The Office participates in a defined contribution pension plan for the benefit of its employees. The Office's financial obligation to the plan is limited to making regular payments to match the amounts contributed by employees for current service. The Office's annual pension expense for 2000 amounted to $143,812 (1999 - $141,901).

8. Fees

	2000		1999
	Budget	Actual	Actual
Total fees	$ 98,000	$ 166,366	$ 131,358
Fees transferred to the General Revenue Fund	18,000	22,745	20,915
	$ 80,000	$ 143,621	$ 110,443

The Office charges fees for work that is not included in the budget recommended to the Board of Internal Economy. The Office uses these fees to finance the work.

In special circumstances, the Office also charges fees for work that is included in the budget recommended to the Board of Internal Economy. The Office transfers these fees to the General Revenue Fund.

9. Financial Instruments

The Office's financial instruments include cash and investments, accounts receivable, accounts payable, accrued vacation payable, and salary payable. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no significant interest rate and credit risk.

10. Change in Accounting Policy

During the year, the Office changed its basis of accounting from expenditure to expense.

To better show the Office's operating results, it changed from recording the cost of tangible capital assets purchased in the period as expenditures to recording the cost of tangible capital assets consumed in the period as expenses. This change has been applied retroactively and the prior period presented has been restated, resulting in no change to the deficit and net financial assets presented for 1999.

Schedule of Audits Not Done for the Government's Agencies with Years Ended in the Period July 1, 1998 to June 30, 1999

There are approximately 239 government agencies that we are required to audit.

We audit and report whether the financial reports provided by the Government are reliable and credible, and whether the Government complied with the main legislative authorities governing its activities, and how well the Government safeguards public assets, prepares financial reports, and effectively manages public resources.

Following is a list of Government organizations where our audit was not done when we completed our 2000 Spring Report. For two of these organizations, we could not complete our work because of delays in receiving information. In the other three cases, we have not been given access to the necessary information.

Delayed Audits:	**Year End**
Agri-Food Innovation Fund	March 31
Chief Electoral Office	March 31
Denied Access to Information:	
First Nations Fund (1997, 1998 and 1999)	March 31
SaskPen Properties Ltd.	December 31
SP Two Properties Ltd.	March 31

Additional Supplementary Information

List of employees earning $2,500 or more and their earnings for the year ended March 31, 2000.

Ahmad, Mobashar	$89,736	Lowe, Kimberley I.	28,258
Anderson, Mark T.	67,493	Markewich, Dale P.	76,500
Atkinson, Brian R.	93,187	Martens, G. Andrew	82,640
Bachelu, Gaylene K.	26,756	Matchett, Joanne M.	55,979
Baronowsky, Tricia A.	25,664	Montgomery, Edward	89,736
Beblow, Jolene T.	54,740	Nyhus, Glen D.	82,640
Black, Robert L.	82,640	Oldershaw, Mark J.	28,508
Borys, Angèle M.	71,400	Orrange, Loyd	66,754
Brezinski, Curtis T.	7,606	Ottenbreit, Stacey A.	5,088
Burrows, Jamie A.	27,590	Paskaruk, Debra A.	8,905
Clemett, Tara L.	26,516	Paul, Charlene A.	22,956
Creaser, Philip M.	82,640	Pradhan, Karim S.	82,640
Daviduik, Krista D.	22,956	Richter, Angie D.	6,531
Deis, Kelly W.	62,500	Russell, Cathy R.	19,060
Dickin, Deann J.	37,881	Rybchuk, Corrine P.	58,623
Duran, Jason S.	47,250	Salman, Salma S.	46,930
Duran, Joel K.	22,737	Schiller, Rita L.	23,886
Dyck, Lisa M.	6,348	Schwab, Victor A.	66,590
Ferguson, Judy D.	89,736	Shorten, Karen E.	29,058
Forgie, Leanne M.	27,792	Smith, Curtis L.	34,754
Fysh, Cindy M.	4,904	Smith, Scott J.	7,601
Grabarczyk, Roderick A.	81,468	Smith, Shana A.	23,065
Harasymchuk, William W.	66,773	Sommerfeld, E. Regan	20,066
Harrison, Garnet G.	54,710	Strecker, Rena A.	27,590
Heffernan, Michael A.	93,187	Strelioff, Wayne K.	114,608
Jersak, Rodd S.	71,742	Strelioff, Wayne K., deferred salary	1,763
Kenny, Wade A.	25,093	Sturgeon, Darold B.	27,346
Kinvig, Amy P.	11,707	Suignard, Gilbert J.	7,909
Knox, L. Jane	82,640	Talbot, Marjory E.	39,813
Kodas, John	24,973	Tomlin, Heather D.	40,554
Kress, Jeffrey J.	35,248	Volk, Rosemarie M.	35,323
Kucher, Tara L.	45,683	Walker, Sandra J.	55,712
Kuntz, Linda A.	17,170	Watkins, Dawn L.	29,924
Lahti, Johan J.	32,235	Wendel, G. Fred	104,072
Lahti, Kami J.	27,363	Wendel, Leslie E.	79,532
		Payees under $2,500	2,918
		Decrease in accrued vacation leave payable	(81,040)
			$3,100,856

Additional Supplementary Information

SUPPLIERS

List of persons or organizations that provided goods and services to the Office of the Provincial Auditor for $20,000 or more for the year ended March 31, 2000.

Canada Life Insurance Company	$ 30,397
Institute of Chartered Accountants of Saskatchewan	54,652
L & C Management	213,904
Merchant Law Group	47,200
Printwest Communications	21,988
Saskatchewan Property Management Corporation	20,340
Saskatchewan Telecommunications	35,699
WBM Office Systems Ltd.	53,523
Western Litho Limited	36,918
	514,621
Suppliers under $20,000	253,714
	$768,335

OTHER EXPENDITURES

List of statutory expenditures of the Office of the Provincial Auditor for $20,000 or more for the year ended March 31, 2000.

Public Employees Dental Plan	$ 32,124
Public Employees Disability Plan	32,190
Public Employees Pension Plan	143,812
Receiver General for Canada – Income Tax	23,883
Receiver General for Canada - Canada Pension Plan	67,932
Receiver General for Canada - Employment Insurance	67,361
	367,302
Other expenditures under $20,000	19,311
	$386,613